GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:1846
ANSWERED ON:09.03.2016
Auction and Pricing of Spectrum
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether there has been a complaint regarding shortage of airwaves and if so, the details thereof;

(b) whether Telecom Regulatory Authority of India (TRAI) has made any recommendations with regard to pricing and auction of spectrum;

(c) if so, the salient features thereof, band-wise and the response of the Government thereto;

(d) whether the Government has issued guidelines to liberalize the administratively allotted 2G spectrum, allowing operators to offer latest mobile services including 4G using the same radio waves and if so, the details thereof; and

(e) whether the spectrum will be liberalized for the remaining period of the license held by the telecom operator and if so, the details thereof ?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)

(a) The representations have been received regarding shortage of spectrum from Cellular Operator Association of India (COAI), Soft Bank etc. The Cellular Operators Association of India (COAI) sent a communication in October, 2015 mentioning the need to make more spectrum available in various bands to meet the increasing data requirement and quality of service expectations of subscribers. Further the COAI has requested for auction of sufficient spectrum in 2100 MHz, harmonisation and auction of 1800 MHz band as well as auction of 2300 MHz, 2500 MHz and spectrum becoming available due to expiry of licenses upto September/October, 2017. The Soft Bank has also sent a communication in November 2015 mentioning about making ample spectrum available for telecom services, avoid fragmentation of spectrum etc.

(b) & (c) The Telecom Regulatory Authority of India (TRAI) has made recommendations on 'Valuation and Reserve Price of spectrum in 700, 800, 900, 1800, 2100, 2300 and 2500 MHz bands' dated 27.01.2016. The salient features of the recommendations are at Annexure-I. These recommendations are under consideration.

(d) & (e) The guidelines for liberalisation of administratively allotted spectrum in 800 MHz and 1800 MHz frequency bands have been issued in November 2015. The details are attached at Annexure-II. As per the Guidelines dated 5.11.2015, the spectrum will be required to be liberalised for the balance validity period of right to use the same after payment of auction determined price prorated for the balance validity period.

Annexure-I

Salient Features of the TRAI Recommendations dated 27.1.2016

(i). APT700 band plan should be adopted for the 700 MHz (698-806 MHz) spectrum band with FDD based 2x45 MHz frequency arrangement. Entire available spectrum (2x35MHz) in the 700 MHz band should be put to auction in the upcoming auction.

(ii). DoT should carry out carrier re-assignment exercise in the 800 MHz band at the earliest and ensure that entire spectrum that is available for commercial use is put to auction.

(iii). DoT, in coordination with Defence and the TSPs, should complete the harmonization process in the 1800 MHz band before upcoming auctions so that the entire spectrum that is made available due to this exercise is placed for bidding.

(iv). The existing provision of a cap of 25% of the 'total spectrum assigned' in 700/800/900/1800/ 2100/2300/2500 MHz bands and 50% within a given band in each of the access service area shall apply for total spectrum holding by each TSP.

(v). Roll-out obligations for 700 MHz band: All towns/villages having population of 15,000 or more but less than 50,000 to be covered within 5 years of effective date of allocation of spectrum for access services and all villages having population of 10,000 or more but less than 15,000 to be covered within 7 years of effective date of allocation of spectrum.

(vi). 900 and 1800 MHz bands should be treated as separate bands for the purpose of roll-out obligations if a licensee deploys different technologies in these bands.

(vii). The same eligibility criteria that have been made applicable for other bands viz. 800 MHz, 900 MHz, 1800 MHz and 2100 MHz band in January 2015 NIA should be made applicable for 2300 MHz and 2500 MHz bands. The same eligibility criteria should also be made applicable for 700 MHz band also.

(viii). The guidelines of liberalisation of administratively allotted spectrum in 900 MHz band should be similar to what has been spelt out by DoT for 800 and 1800 MHz band.

(ix). Audit for all allocated spectrum both commercial as well as spectrum allocated to various PSUs/ Government organizations. This should be done by an independent agency.

(x). Recommended Reserve Price for various spectrum bands is as per table given below:

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LSA 700 MHz 800 MHz 900 MHz 1800 MHz 2100 MHz 2300 MHz 2500 MHz
Delhi 1595 848 399 554 143 143
Mumbai 1192 727 298 461 146 146
Kolkata 596 160 149 116 33 33
Andhra Pradesh 971 606 243 272 68 68
Gujarat 952 285 673 238 258 39 39
Karnataka 740 303 558 185 328 98 98
Maharashtra 1272 799 318 341 58 58
Tamilnadu 900 360 225 344 132 132
Haryana 186 57 151 47 55 8 8
Kerala 334 243 83 177 16 16
Madhya Pradesh 331 408 83 123 8 8
Punjab 308 119 77 91 21 21
Rajasthan 364 204 91 140 6 6
U. P. (East) 459 219 776 115 110 9 9
U.P. (West) 384 182 739 96 111 12 12
West Bengal 183 82 46 52 5 5
Assam 158 40 46 2 2
Bihar 248 136 444 62 86 6 6
Himachal Pradesh 64 24 16 20 1 1
Jammu & Kashmir 52 13 11 1 1
North East 44 11 12 1 1
Orissa 152 57 38 38 4 4

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Annexure-II
Details of liberalisation of administratively allotted spectrum
in 800 MHz and 1800 MHz frequency bands

(a) Existing Cellular Mobile Telephone Service (CMTS), License, Unified Access Service (UAS) License, and Unified License (UL) with access service authorisation licensees may liberalise their entire administratively allotted spectrum holding in 800 MHz and 1800 MHz band in a Service Area for the balance validity period of right to use spectrum.
(b) Administratively allotted spectrum in 800 MHz and 1800 MHz bands refers to the spectrum allotted prior to auction of right to use spectrum in November, 2012.
(c) After the in-principle approval of the competent authority that the liberalisation of administratively allotted spectrum of the Telecom Service provider (TSP) is permitted subject to receipt of necessary payment in this regard, a demand note to the concerned TSP indicating the total amount payable and due date of payment and terms of payment will be issued by the Department.
(d) The spectrum will be required to be liberalised for the balance validity period of right to use the same after payment of auction determined price prorated for the balance validity period.
(e) The entry fee paid will be pro-rated for the balance validity period of right to use spectrum and will be deducted from the total amount to be paid by the TSP for liberalising the spectrum.
(f) In case more than one set of auction determined prices are available, the latest auction determined prices for the respective frequency band as available at the time of calculation of charges/amount payable for liberalisation of spectrum, would be applied.
(g) If the auction determined price is more than one year old then the prevailing market rates would be determined by indexing the last auction price at the rate of SBI PLR.
(h) In case the spectrum gets liberalised, the One time Spectrum Charge (OTSC) will be charged up to the date for calculation of charges for liberalising the spectrum and the same has to be paid by the licensee. However, if such demand is pending due to judicial intervention barring any coercive action, a bank guarantee equal to this amount shall be submitted pending final outcome of judicial process.
(i) After getting the spectrum liberalised, the TSPs may combine the same with the spectrum acquired by them in the same band through auctions/trading.
(j) Spectrum Usage Charges (SUC) will be required to be paid for the liberalised spectrum as prescribed by the Government from time to time.

(k) The above guidelines shall not be applicable for liberalisation of a frequency band in a service area where auction determined price is not available for that band.

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